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C O N F I D E N T I A L SECTION 01 OF 02 BAKU 000529

SIPDIS

DEPT FOR EUR/CARC AND DRL

E.O. 12958: DECL: 07/01/2019

TAGS: [PREL](#) [PGOV](#) [KDEM](#) [PHUM](#) [AJ](#)

SUBJECT: AZERBAIJAN'S SECOND CITY A MICROCOSM OF DIFFICULT
POST-SOVIET TRANSITION

Classified By: Political-Economic Counselor Robert Garverick, Reasons 1
.4 (b and d).

¶1. (C) Summary: Ganja, Azerbaijan's historic capital and second largest city, has experienced economic stagnation since the end of the Soviet Union. Endemic corruption and brain drain have exacerbated this decline. There is little hope that reform will come through involvement of opposition politicians, who are largely uninspiring and have little scope to conduct activities. There continue to be a small number of NGOs, however, who are actively working to bring change to the city, and it is largely through their efforts that any reform is possible. End Summary.

¶2. (C) Ganja is Azerbaijan's second largest city, and the commercial center of the western half of the country. The city was the original capital of the Azerbaijan Democratic Republic when it was founded in 1918, and the original parliament building now forms the center of Ganja's Agricultural Academy, one of the better universities in Azerbaijan. Despite Ganja's importance, there remains no good road between Baku and Ganja, so the trip between the two remains an arduous six-hour journey. Poloff visited Ganja on June 16-17 in order to assess the political and socio-economic climate of the city in advance of the year-end municipal elections.

Economy and Corruption

¶3. (C) All poloff's interlocutors in Ganja brought up the economy as the city's number one problem. As Nushaba Mammadova, prominent historian and editor of Ganjabasar newspaper explained, in the Soviet period Ganja had over 80 major factories, in addition to being a center for agricultural production. After independence that number decreased to two - a car assembly plant and an aluminum factory. Mammadova explained that this caused a permanent economic crisis in the city, with an estimated unemployment (or under-employment) rate of 70 percent. Mammadova and others explained that much of the city's population has left for Baku or other countries, particularly Russia, to find work, and the rest of the population now exists on remittances. In a further blow to the city's economy, the aluminum factory closed in April, laying off approximately 3,000 workers, according to Jahangir Amirkhanli of the Musavat Party branch in Ganja.

¶4. (C) As elsewhere in Azerbaijan, Ganja residents also point to corruption as a major problem for the city. With both USAID and OSCE funding, Sevinj Mammadova runs a legal

advocacy center in Ganja for victims of corruption, part of Transparency Azerbaijan. According to Mammadova, the corruption problem is getting worse in Ganja, as her center sees more complaints than it used to. According to statistics she provided, the center received 330 corruption complaints during the first three months of 2009, which was slightly lower than normal due to their office moving locations. Far and away the most prevalent forms of corruption are in the judicial system, with non-implementation of court decisions and biased judges/prosecutors being the most common complaints. Mammadova also explained that corruption in healthcare and education are also top complaints.

Media Climate

¶5. (C) Poloff discussed the media environment in Ganja with the editorial staff of the city's only independent newspaper, called Ganjasabar. This paper is supported in part by the National Endowment for Democracy. Editor Mammadova stated that she believes the only reason they are allowed to continue their work is that she is a respected member of Azerbaijan's intelligentsia, and she was responsible for getting the name "Ganja" returned to the city during the Soviet period (Note: The city was named Elizavetpol under the Tsarist system and Kirovabad in the Soviet time. End Note.) Still, Mammadov reports that their offices were raided by the Ministry of National Security in 2007. She says her newspaper prints 3,000 copies weekly, and aims to deliver the notion of being independent to the population. While

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opposition newspapers are available in Ganja, Mammadova says they are not on display * sellers "know who reads the opposition papers" and bring the papers out for them. Internet is available in Ganja, but remains slow and expensive. Outside of the media, Mammadova and her staff report that the democracy and human rights situation remains poor in Ganja *opposition political parties are not allowed to operate and no more than 4 or 5 people are allowed to be in a tea house at once.

Opposition Parties

¶6. (C) Poloff requested meetings with local ruling party officials, but after many phone calls these officials declined the meeting request. Poloff did meet with the only active opposition leaders in the city- Jahangir Amirkhanli of the Musavat Party and Bakhtiyar Alizada of the Popular Front Party. The men stated that there is no political space for their activities in Ganja. Neither party currently has an office in Ganja. Amirkhanli reported that his party was run out of an office it had in 2008, which had been supported by the National Democratic Institute, after police raids. Amirkhanli stated that he had lost his job at Ganja State University in 2003 due to his political activities, and his case is now being considered by the European Court of Human Rights.

¶7. (C) Despite all these complaints, however, the two men had difficulty articulating any particular policies they would enact that would be different from the current government. When questioned on how they would solve the Ganja's economic problems of which they had extensively talked, the men responded that "experts in Baku make the parties' economic policies." The men also stated that their parties plan to cooperate on the year-end municipal elections, but had no definite plans on how this cooperation would proceed.

Youth and the City's Future

¶8. (C) All of poloff's interlocutors in Ganja, including both students and adults who work with students, explained that

most young people want to leave Ganja, due to poor educational and career opportunities. Students learning English at the American Center in Ganja asked numerous, detailed questions about how they could study in the U.S. At the Open Society Institute's Education Center, Director Hasan Huseynli explained that he could think of only a couple young people who had studied abroad, in the U.S. or elsewhere, and then returned to Ganja, and these people only did so for extreme family reasons. Huseynli saw these educated young people as the only chance to bring change to Ganja and to Azerbaijan in general, but did not know when or how this could happen.

Comment

19. (C) Ganja is a microcosm of the multi-layered problems experienced by Azerbaijan during its transition away from Soviet models. The loss of Soviet subsidies for industry, the lack of government or private investment in new industries, and the extreme level of corruption have led to a stagnant economy, giving little hope to the city's young people. On top of economic concerns, the authoritarian tendencies of the local government prevent innovative or alternative forms of thinking. The subsequent brain drain from the city exacerbates these problems. Yet glimmers of hope for the city exist in the NGOs that continue to work on reform and some of the bright young people who refuse to give up on bringing change.

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